

November 10, 2010

On July 28, 2010 the Securities and Exchange Commission (SEC) released a revised Form ADV [SEC Release No. IA-3060; File No. S7-10-00]. The release primarily adopted amendments to Part 2 of Form ADV (also referred to as brochure or new Part 2). The new Part 2, with the instructions, can be found on the SEC's website at <http://222.sec.gov/rules/final/2010/ia-3060.pdf>.

The amendment is changing the formats of Part 2 from a check-the-box form to a narrative brochure written in plain English. The change is designed to provide prospective clients and current clients with clearly written, meaningful, current disclosure of the business practices, conflicts of interest and background of the investment adviser and its advisory representative. The brochure is required to be prepared in plain English, and be filed electronically through the Investment Adviser Registration Depository (IARD).

The new Part 2 of Form ADV consists of three parts: Part 2A, Firm Brochure; Part 2A Appendix 1, Wrap Fee Program Brochure; and Part 2B, Brochure Supplement. Every investment adviser's new Part 2 will consist of at least Part 2A, Firm Brochure and Part 2B Brochure Supplement. Only investment advisers who provide wrap fee programs are required to submit the Part 2A Appendix 1, Wrap fee Program Brochure.

The Vermont Securities Division after discussion with the North America Securities Administrators Association (NASAA) [*an association of all North America state securities administrators*] is adopting the new Part 2, effective November 15, 2010¹. Compliance Dates are as follow:

- As of January 1, 2011 all new investment adviser applicants will have to file, through the IARD, the new Part 2 of Form ADV as part of their application.
- As of January 1, 2011 all new registered investment advisers will need to incorporate the new Part 2 of Form ADV with their next filing of an amendment to Form ADV, or their annual updating amendment to Form ADV.
- Between November 15, 2010 and January 1, 2011 applicants and current licensed investment advisers filing amendments to their Part II of Form ADV may use either the current Part II or the new Part 2.

¹ The Securities Division has been accepting the new Part 2 since October on an informal basis.

The Division recommends that all investment advisers become familiar with the new Part 2 of Form ADV and amend their Form ADV using the new Part 2 as soon as possible.

The Division strongly encourages all investment advisers to follow the distribution and delivery schedule of the new Brochure and Brochure supplement as provided in the instruction to the new Part 2 of Form ADV.

Should you have any questions please call 802-828-3420.

Please review the Division's website, www.bishca.state.vt.us (follow link to Securities), for any further development.

Sincerely,

Vermont Securities Division